

# Hyperbolic Discounting

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## RECOMMENDED CITATION

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Hyperbolic discounting is the human tendency to choose "smaller-sooner" rewards over "larger-later" rewards because of a lack of patience to wait for the larger reward.

This has been documented with studies using the "Marshmallow Test." This is performed with young children offering them a choice: they can have one marshmallow immediately or wait over a longer time period to receive two marshmallows. This is performed by placing a marshmallow within arm's length of the child with a promise of receiving an additional marshmallow if they will refrain from eating the available treat for a brief time period. Almost universally the children opted for the single marshmallow sooner, rather than two later.

Hyperbolic discounting is also evident in adult with money - people are more likely to take a smaller amount of money immediately rather than wait for a larger amount at a later date.

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